



# A Study on Students Perception on Educational Loan

(With Special Reference to Bhopal District)

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**Abstract:** Bhopal has made great strides in higher education, focusing on quality and attracting students who wish to further their studies. Education loans are a crucial solution for students facing financial challenges. The report describes the students' attitudes about the educational loan. The research sample consisted of 120 respondents who were studying in Bhopal and found educational loans can encourage students to pursue higher education.

**IndexTerms - Education Loan, Perception level, Higher Education**

## I. INTRODUCTION

Education raises knowledge of our legal entitlements and available resources. It also taught us the difference between good and wrong. For the majority of our life, we struggle to distinguish between good and wrong, but the appropriate education provides the answers.

It is critical to the development and empowerment of human resources in every country. Policies at the national and state levels prioritise meeting the population's fundamental needs through public and private sector initiatives. The government aims to offer universal basic education, while higher education is increasingly shifting to the private sector. As government subsidies decrease, higher education becomes more expensive, necessitating institutional finance.

## II. EDUCATIONAL POLICY OF THE GOVERNMENT OF INDIA

In 1964, India's Ministry of Education established a Commission to advice on education policy and development across all stages and aspects.

## III. STATEMENT OF THE PROBLEM

The study examined the sustainability of the government's education loan scheme, as well as the structure, growth, and performance of commercial banks' education loan schemes. It also examined how borrowers evaluate education loans in terms of understanding, eligibility, sufficiency, cost-effectiveness, and acceptability, as well as the challenges they face and whether they are satisfied with the current scheme.

## OBJECTIVE OF THE STUDY

- Determine student knowledge of educational loans.
- Analyze factors influencing student loan utilization.
- Identifying issues students have while applying for loans.

The purpose of this study is to look at how students perceive educational loans.

## IV. REVIEW OF LITERATURE

Geetha Rani. P (2016.) analysed the Financing Higher Education Loans in India Trends and Troubles" examines financing patterns in higher education, revealing that student loans are the primary source of funding in India. The study suggests that fees, scholarships, and student loans should be considered in light of rising costs, the role of markets in higher education, and affordability based on family factors.

According to Jayadev.M. (2017) found educational loans are a recent trend in India for paying higher education. Since March 2008, the number of outstanding college debts has increased by 12% every year. Banks are concerned about an increase in non-performing

educational loans. This paper advocates for a regulatory framework to cover all elements of supporting higher education through loans and scholarships.

## V. RESEARCH METHODOLOGY

|                              |  |
|------------------------------|--|
| <b>Sample</b>                | Student studying in Bhopal                                 |
| <b>Method</b>                | Random Sampling  |
| <b>Questions</b>             | Likert's scale questionnaire                               |
| <b>Collection of Data</b>    | Primary  |
| <b>Consolidation of Data</b> | -SPSS, Ms-Excel  |
| <b>Analysis of Data</b>      | Simple percentage<br>Reliability<br>Weighted average score |

## VI. TOOLS USED

The data obtained from various respondents was analyzed using the tools below:

- Simple percentage analysis.
- Likert scale analysis.

## VII. LIMITATIONS OF THE STUDY

- The study is limited to Bhopal City.
- The sample size is limited to 120 respondents for educational loans from public and private banks due to time and cost constraints.
- The study does not cover loan repayment or students who took out loans to study abroad in India.

## VIII. ANALYSIS AND FINDINGS SIMPLE PERCENTAGE ANALYSIS

- 55.8% (67) of responders are men.
- 56.7% (68) of respondents are between the ages of 16 and 20.
- The majority, 87.5% (105) of responders are single.
- 47.5% (57) of respondents live in rural regions.
- 35% (42) of respondents scored between 71-80% on their most recent course.
- 54.2% (65) of respondents reported having two earning individuals in their family.
- 24.2% (19) of respondents' parents were agriculturalists.
- 58.3% of respondents (70) reported an annual family income between Rs. 1,00,001 and Rs. 2,00,000.
- 65% (78) of respondents are first-generation graduates.
- 50% (60%) of respondents were enrolled in a three-year course.
- 29.2% (35) of respondents are pursuing higher education in self-finance colleges.
- 56.7% (68) of respondents reported visiting 3-5 banks to obtain an educational loan.
- 54.2% (65) of respondents obtained educational loans from private sector banks.
- 64.2% (77) of respondents received education worth 2-5 lakhs.
- 41.7% (50%) of respondents believe bankers take 1-3 months to complete loans.
- 47.5% (57%) of respondents agreed that bankers charge interest rates between 5-8%.
- 39.2% (47) of respondents used assets to get school loans.
- 60% (72) of respondents agreed that the bank disburses loans by semester.
- 47.5% (57) of respondents agreed that college loans are sanctioned by banker cheques.
- 78.3% (94) of respondents said they would suggest others to get an education loan.
- The majority (32.7%) of respondents endorse educational loans as they are customer-friendly.

**LIKERT SCALE RATING**

- The Likert scale rating is 4.10, which is higher than the median value of 3. The majority of respondents expressed satisfaction with the documentation and procedures.
- The Likert scale rating is 3.40, higher than the midpoint (3). The majority of respondents expressed satisfaction with the Third Party Guarantee.
- The Likert scale value is 3.22, higher than the midpoint (3). The majority of respondents expressed satisfaction with the loan sanctioning process.
- The Likert scale value is 3.51, higher than the midpoint (3). The majority of respondents expressed satisfaction with the loan disbursement period.
- The Likert scale value is 3.34, higher than the median value of 3. Most respondents expressed satisfaction with the interest rate.
- The Likert scale score is 3.25, higher than the median value of 3. The majority of respondents expressed satisfaction with Bank staff's approach.

**IX.DISCUSSION**

- Students are highly engaged in education nowadays. The interest rate should be minimised based on the path taken.
- To assist students from low-income families, banks should modify their education loan eligibility standards.
- To encourage students to pursue higher education, it is recommended to prevent interest throughout the course duration and give loans without collateral security. Additionally, administrative fees can be waived.
- The bank could organize specific programmer for Scheduled Tribes applicants to raise awareness about educational loans.

**X. CONCLUSIONS**

Education is essential for a civilized society, yet it can be costly due to varying tuition levels amongst aided, government, and self-financed universities. However, not all students embrace the current pricing structure. This highlights the necessity for student loans to support their studies. This study examines how banks provide education loans to students. Specifically, educational loans can encourage students to pursue Higher education.

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